

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
vs.)	No. 4:06-CV-1064 (CEJ)
)	
BETONSPORTS PLC,)	
)	
Defendant.)	

DEFENDANT BETONSPORTS PLC'S STATUS REPORT

Defendant, BETONSPORTS PLC ("BOS"), through its counsel, submits the following status report regarding the Order of Permanent Injunction ("Injunction") entered by the Court on November 9, 2006 (Doc. #30). The Court has ordered the parties to inform the Court as to the status of this matter, and whether the case is suitable for dismissal or entry of judgment in favor of the plaintiff (Doc. #31).

I. COMPLIANCE WITH PERMANENT INJUNCTION

A. Paragraphs 1 through 10 - Ceasing Operations

The defendant has ceased all operations in the United States and is in compliance with paragraphs (1) through (10) of the Injunction.

B. Paragraph 11 - Telephone Notice

BOS states that it no longer operates any toll-free telephone services in the United States, except those established to arrange refunds to U.S. residents, as required by paragraphs 12 and 13.

C. Paragraphs 12 and 13 - Refunds

For the reasons set forth below, the defendant is not presently in full compliance with these terms of the Permanent Injunction, which require BETONSPORTS PLC to refund the balance of monies deposited with it by U.S. residents. All of the customer accounts as well as all

monies available for the payment of refunds (whether in the form of cash or amounts due from processors) are under the control of BOS-Antigua which is in turn under the direction and jurisdiction of the Government of Antigua which has issued a court order requiring BOS-Antigua to obtain consent from the Antiguan court prior to moving or disposing of any assets. A copy of this order is attached hereto.

The Antiguan Government has demanded that it supervise the collection and distribution of monies which includes the payment of customers and other creditors. The observance by BOS of the Antiguan court order and the Antiguan governmental requirements (including the establishment by the Antiguan Gaming Board of an account expressly for this purpose) will necessarily impact the timeliness of achieving the objectives of paragraphs 12 and 13. It is however anticipated that the arrangements will nonetheless be in place by mid-January with the exact timing dependent on the degree and pace of cooperation by the Antiguan Government. It is important to note that the payment of refunds to United States residents is totally dependent on the recovery of monies from debtors (including cash processors) with that process being exclusively regulated by the Antiguan authorities who control both the collection of monies as well as their distribution.

In the meantime, a toll-free number and customer service email have been established and maintained for the use of customers to make requests for refunds which are logged and validated to then await the finalization of the procedures described above and, finally, distribution of the monies. A total of 4863 customers thus far have registered for refunds with BOS.

D. Paragraph 14 - Abandonment of Trademarks

The defendant has requested the U.S. Patents and Trademarks Office to withdraw the seven U.S. trademarks it obtained for various of its brand names. The defendant reports that the

Patent and Trademarks Office is considering the request. The defendant will inform the United States and this Court when the withdrawal is complete.

E. Paragraph 15 - Transfer of Domain Names

The defendant reports that transfer of its domain names from U.S. registrars to one in the United Kingdom is in process. The FBI, which is supervising the transfer, confirms, and states that the process should be complete within two weeks.

F. Paragraph 16 - Web Site Posting

The defendant is in compliance with this requirement of the Court's Order.

G. Paragraph 17 - Telephone Service Posting

The defendant states that it no longer operates any toll-free telephone services in the United States, except those established to arrange refunds to U.S. residents, as required by paragraphs 12 and 13.

H. Paragraph 18 - Full Page Ad

Defendant anticipates that the required ad will appear in "USA Today" on December 29, 2007.

I. Paragraph 19 - Production of Documents

The defendant has provided the United States with a complete listing of banking institutions, as well as all names under which it did business in the United States. The defendant also reports that it is working on ensuring that the entire range of documents specified in the Injunction are available, and has ordered its employees to preserve all business records, as also required by the Permanent Injunction. BOS believes it has complied with paragraph 19 but will continue to work with the Government to fully secure any compliance the Government believes is outstanding as well as to respond to any reasonable inquiries from the Government on this issue.

In summary, BOS states that under the circumstances and taking into consideration the complications arising from dealing with two different governmental entities, defendant has made substantial progress in complying with the Permanent Injunction and will continue to do so.

II. REQUEST THAT THE COURT RETAIN JURISDICTION

As the defendant has not yet fully complied with the Court's Injunction for the reasons set forth above, BOS requests that the Court retain jurisdiction of this matter, and set an appropriate date in January, 2007, for a second status report from the parties. BOS further states that it would be premature to enter judgment in favor of plaintiff at this time.

Date: December 27, 2006

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on December 27, 2006, the foregoing was filed electronically with the Clerk of Court to be served by operation of the Court's electronic filing system upon the following:

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